

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 FEA-01

DOT-00 /118 W

----- 019067

R 052056Z MAR 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8559

INFO AMCONSUL BORDEAUX

USMISSION EC BRUSSELS

USDEL MTN GENEVA

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL STRASBOURG

AMCONSUL NICE

UNCLAS SECTION 01 OF 02 PARIS 06817

E.O. 11652: N/A

TAGS: ETRD, FR

SUBJECT: FRANCE INCREASES TAX ON HIGH HORSEPOWER
AUTOMOBILES

REF: (A) PARIS 4336, (B) DAUMAN/FERRITER TELECON

L. IN REFTTEL EMBASSY REPORTED THAT GOF INCREASED
BY 80 THE "SPECIAL FISCAL TAX" IMPOSED ON CARS WITH
HORSEPOWER GREATER THAN 16 C.V. (170 C.I.D.). BELOW
IS ADDITIONAL INFORMATION REQUESTED IN REFTTELCON.

2. FRENCH AUTOMOBILES ARE SUBJECT TO YEARLY TAX

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(CALLED "VIGNETTE") BASED ON HORSEPOWER. CATEGORY

BREAKDOWN AND TAX IS AS FOLLOWS:

BELOW 5 C.V. - FF70;

FROM 5 TO 7 C.V. - FF100;

FROM 8 TO 11 C.V. - FF260; AND

FROM 12 TO 16 C.V. - FF 320.

THESE RATES HAVE NOT BEEN CHANGED SINCE 1973.

3. SINCE THERE WAS AND STILL IS NO DOMESTIC FRENCH PRODUCTION OF VEHICLES WITH HORSEPOWER GREATER THAN 16 C.V., A "SPECIAL FISCAL TAX" WAS CREATED IN 1956 FOR AUTOMOBILES OF THIS TYPE. THE NEW RATE OF FF1800 WENT INTO EFFECT JANUARY 1, 1976 FOR NEW CARS AND WILL APPLY TO USED CARS ON NOVEMBER 1976.

4. GOF OFFICIALS POINTED OUT THAT WHEREAS "VIGNETTE" TAX HAD BEEN INCREASED SEVERAL TIMES SINCE ITS INAUGURATION IN 1956, "SPECIAL FISCAL TAX" OF FF1000 HAD NOT BEEN INCREASED SINCE THAT DATE. ("VIGNETTE" RATE ON 8 TO 11 C.V. AND 12 TO 16 C.V. AUTOMOBILES HAD BEEN INCREASED 100.) ANOTHER REASON PROFERRED BY GOF OFFICIALS IS THAT "SPECIAL FISCAL TAX" WILL HIT ONLY 32,000 HIGH-INCOME PEOPLE. IN VIEW OF THESE FACTORS, THE NATIONAL ASSEMBLY, ACCORDING TO GOF OFFICIALS, DID NOT BELIEVE IT WAS NECESSARY TO DEBATE INCREASE IN "SPECIAL FISCAL TAX."

5. TOTAL OF NEW CARS WITH HORSEPOWER ABOVE 16 C.V. IMPORTED INTO FRANCE DURING JANUARY THROUGH NOVEMBER 1975 WAS 2,428, BROKEN DOWN AS FOLLOWS:

A. FRG: BMW (656), MERCEDES (296), PORSCHE (16),
FORD (50) - TOTAL: 1,018.

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B. GB: ASTON-MARTIN (1), BENTLEY (1), DAIMLER (18),
JAGUAR (489), MORGAN (1), ROLLS (28), ROVER (390),
TRIUMPH (53) - TOTAL: 981.

C. USA: AMERICAN MOTORS (72), BUICK (69),
CADILLAC (26), CHEVROLET (42), CHRYSLER (9),
DODGE (12), FORD U.S. (7), LINCOLN (1), MERCURY (4),
OLDSMOBILE (10), PLYMOUTH (23), PONTIAC (17) -
TOTAL: 292.

D. ITALY: DINO (32), FERRARI (10), FIAT (33),
LAMBORGHINI (2), MASERATI (50) - TOTAL: 136.
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E. SWITZERLAND: DE TOMASCO (1).

6. COMMENT: AUTOMOBILES OF TYPE SUBJECT TO
"SPECIAL FISCAL TAX" ARE CONSIDERED LUXURY/CONSPICUOUS
CONSUMPTION ITEMS IN FRANCE AND IT IS DOUBTFUL THAT
INCREASE IN "SPECIAL FISCAL TAX" WILL HAVE ANY
EFFECT WHATSOEVER ON THEIR SALES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, TARIFFS, AUTOMOBILES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS06817
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760085-0144
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760390/aaaadbmy.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 PARIS 4336
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUL 2004 by fisherem>; APPROVED <10 DEC 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRANCE INCREASES TAX ON HIGH HORSEPOWER AUTOMOBILES
TAGS: ETRD, FR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006